

Flawed Funding Bill Passes Congress

Friday, April 29 2005

WASHINGTON, DC

– The Fiscal Year 2006 Budget Conference report passed the House of Representatives on Thursday evening, only hours after it was completed and released to be reviewed by Members of Congress. The flawed budget puts the country on a dangerous fiscal track, racking up massive budget deficits and misrepresenting actual spending for the war in Iraq and the proposed privatization of Social Security. It also fails to include important Pay-As-You-Go (PAY-GO) language that would require Congress to show how it is going to pay for legislation that it proposes. Damaging cuts to critical programs such as Medicaid and federal student loan programs were also included in the spending blueprint.

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“The Congressional leadership rushed this bill through because they wanted to pull the wool over the eyes of the American people–they obviously hoped that no one would be able to read the details and see the many glaring flaws in this plan,” said Michaud. “In fact, it makes massive cuts to Medicaid only two days after the House of Representatives overwhelmingly voted not to include any Medicaid Cuts. This budget is simply bad for America, bad for Maine.”

The budget, which will be signed into law by the President in the coming days, will add more than \$2 trillion to the deficit over the next five years including omitted costs, without any projected return to a balanced budget.

Like the deficits in the House and Senate resolutions, the budget deficit projections in the conference agreement were produced by counting surpluses in the Social Security Trust Funds. This accounting trick hides the size of the true deficit, which is actually much larger.

“It is irresponsible to pass a massive debt onto future generations, but this failed budget plan adds trillions of dollars to the national debt,” said Michaud. “We need a blueprint that moves us to a balanced budget while protecting Social Security and other critical programs. If we had passed the alternative budgets that I authored with the Blue Dog coalition the past two years, we could have done that. Instead, the Administration and Congressional leaders have spent us into a deep hole.”

The budget spends the value of the entire Social Security surplus, cuts \$10 billion in Medicaid funding, allows for legislation that would open the Arctic National Wildlife Refuge (ANWR) to drilling, authorizes an automatic increase in the national debt ceiling, and includes instructions for more than \$70 billion in new tax cuts.

"To write a budget that creates record debt and still cuts Medicaid, education, and veterans' healthcare funding is a complete failure by Congressional leadership. We should not be drilling in ANWR, cutting families' health care funding, or raiding the Social Security Trust Fund, and we certainly should not be cutting funding for veterans' health care, especially during a time of war," said Michaud.

Congressman Michaud, Ranking Member of the Subcommittee on Benefits of the House Veterans' Affairs Committee, also expressed his concern for veterans' funding in the budget. According to the non-partisan Congressional Budget Office, the budget provides \$13 billion less than is needed to maintain current services for veterans over the next five years.

"At a time when we are creating new needs for veterans' health care every day in Iraq, we should support our troops and our veterans by strongly funding the VA health system," Congressman Michaud said. "This budget does not even keep pace with the rising costs of the health care that we provide our veterans today, let alone improve their health care."

Through his work on the moderate Blue Dog Coalition, Congressman Michaud has become a leader on fiscally responsible budgeting in Congress. Congressman Michaud has supported the Blue Dog's 12-step budget reform plan, which would have imposed tough new rules to restrain Congressional spending and made it easier for taxpayers to find out where their dollars are going. Many parts of the plan have bipartisan support, but House leadership did not allow the House to consider the Blue Dog 12-step reform plan when the budget was considered in the House in March.

"I will continue working with my colleagues in both political parties in Congress to support balanced budgets, targeted tax cuts, and policies that help Maine families. Moderates in both parties understand that we can't continue to pass on our obligation to pay for government or support Social Security to future generations," said Michaud.

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